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**CORPORATE GOVERNANCE RELATED AMENDMENTS TO THE MAIN BOARD LISTING RULES**

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**A. Rearranged Appendix 14**

**Appendix 14**

**CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT**

*~~The Code~~*

**INTRODUCTION**

~~This Corporate Governance Code sets out: (a) the mandatory requirements for disclosure in an issuer's Corporate Governance Report; and (b) the principles of good corporate governance, and two levels of recommendations: (a) the code provisions on a "comply or explain" basis; and (b) certain recommended best practices. Issuers are encouraged to adopt the recommended best practices on a voluntary basis.~~

~~Issuers are expected to comply with, but may choose to deviate from, the code provisions. The recommended best practices are for guidance only. Issuers may also devise their own code on corporate governance on the terms they consider appropriate.~~

~~Issuers must state whether they have complied with the code provisions for the relevant accounting period in their interim reports (and summary interim reports, if any) and annual reports (and summary financial reports, if any).~~

~~Every issuer must carefully review each code provision and, where it deviates from any of them, it must give considered reasons:-~~

~~(a) in annual reports (and summary financial reports), in the Corporate Governance Report; and~~

~~(b) in interim reports (and summary interim reports), either:-~~

~~(i) by giving considered reasons for each deviation; or~~

~~(ii) to the extent that it is reasonable and appropriate, by referring to the Corporate Governance Report in the preceding annual report, and providing details of any changes with considered reasons for any deviation not reported in that annual report. The references must be clear and unambiguous and the interim report (or summary interim report) must not contain only a cross-reference without any discussion of the matter.~~

~~Issuers are encouraged, but not required, to state whether they have complied with the recommended best practices and give considered reasons for any deviation.~~

**Corporate Governance Report Part 1 - Mandatory disclosure requirements**

~~Issuers must include a Corporate Governance Report prepared by the board of directors in their annual reports and summary financial reports (if any) under paragraphs 34 and 50 of~~

~~Appendix 16 to the Exchange Listing Rules (“Corporate Governance Report”) and annual reports under paragraph 34 of Appendix 16. The Corporate Governance Report must contain all the information set out in Paragraphs G to Q of this Appendix the section headed “Part 1 - Mandatory disclosure requirements” below. Any failure to do so will be regarded as a breach of the Exchange Listing Rules.~~

~~To a the extent reasonable and appropriate extent, the Corporate Governance Report included in an issuer’s summary financial report may be a summary of the Corporate Governance Report contained in the annual report, and may also incorporate information by reference to its annual report. The references must be clear and unambiguous, and the summary must not contain only a cross-reference without any discussion of the matter. The summary must contain, as a minimum, a narrative statement indicating overall compliance with and highlighting any deviation from the code provisions set out in the section headed “Part 2 - Principles of good corporate governance, code provisions and recommended best practices” below.~~

~~Issuers are also encouraged to disclose information set out in Paragraphs R to T of this Appendix in their Corporate Governance Reports.~~

### **What is “comply or explain”?**

- ~~1. The Code sets out a number of “principles” followed by code provisions and recommended best practices. It is important to recognise that the code provisions and recommended best practices are not mandatory rules. The Exchange does not envisage a “one size fits all” approach. Deviations from code provisions are acceptable if the issuer considers there are more suitable ways for it to comply with the principles.~~
- ~~2. Therefore the Code permits greater flexibility than the Rules, reflecting that it is impractical to define in detail the behaviour necessary from all issuers to achieve good corporate governance. To avoid “box ticking”, issuers must consider their own individual circumstances, the size and complexity of their operations and the nature of the risks and challenges they face. Where an issuer considers a more suitable alternative to a code provision exists, it should adopt it and give reasons. However, the issuer must explain to its shareholders why good corporate governance was achieved by means other than strict compliance with the code provision.~~
- ~~3. Shareholders should not consider departures from code provisions and recommended best practices as breaches. They should carefully consider and evaluate explanations given by issuers in the “comply or explain” process, taking into account the purpose of good corporate governance.~~
- ~~4. An informed, constructive dialogue between issuers and shareholders is important to improving corporate governance.~~

## **Part 2 - Principles of good corporate governance (“Principles”), code provisions and recommended best practices**

The Principles set the overarching direction to achieving good corporate governance. The code provisions are aimed to help issuers apply the Principles.

The Exchange does not envisage a “one size fits all” approach, and appreciates that effective application of the Principles may be achieved by means other than strict compliance with the code provisions depending on a range of factors, including the issuer’s own individual circumstances, the size and complexity of its operations and the nature of the risks and challenges it faces. Issuers are expected to comply with, but may choose to deviate from, the code provisions in order to achieve the spirit of the Principles.

The recommended best practices are for guidance only. The voluntary nature of the recommended best practices does not mean that they are not important, but rather, they are practices which should be adhered to support issuer’s application of the Principles. Issuers are encouraged to state whether they have complied with the recommended best practices and give considered reasons for any deviation.

What is “comply or explain”?

1. Issuers must state whether they have complied with the code provisions for the relevant accounting period in their annual reports (and summary financial reports, if any) and interim reports (and summary interim reports, if any).
2. If an issuer considers that it can adopt the Principles without applying the code provisions, it may deviate from the code provisions (i.e. adopt action(s) or step(s) other than those set out in the code provisions) provided that the issuer sets out:
  - (a) in the Corporate Governance Report in the annual reports (and summary financial reports, if any) the considered reasons for the deviation and explain how good corporate governance was achieved by means other than strict compliance with the code provision (the “Considered Reasons and Explanation”). The explanation should provide a clear rationale for the alternative actions and steps taken by the issuer and their impacts and outcome; and
  - (b) in the interim reports (and summary interim reports, if any) either:
    - (i) the Considered Reasons and Explanation in respect of the deviation, or
    - (ii) to the extent reasonable and appropriate, by referring to the Corporate Governance Report in the preceding annual report, and providing details of any changes for any deviation not reported in that annual report with Considered Reasons and Explanation. The references must be clear and unambiguous, and the interim report (or summary interim report) must not contain only a cross-reference without any discussion of the matter.

The Considered Reasons and Explanation are helpful in fostering an informed, constructive dialogue between issuers and shareholders with a view to improving corporate governance continuously. Shareholders are encouraged to engage constructively and discuss with the issuer any deviation from the code provisions. In evaluating the Considered Reasons and Explanation given by the issuer, shareholders

should pay due regard to the issuer's individual circumstances.

3. An issuer would be in breach of the Exchange Listing Rules if it deviates from a code provision but does not provide Considered Reasons and Explanation in the manner as set out above.

### **Linkage between Corporate Governance and Environmental, Social and Governance ("ESG")**

Corporate governance provides the framework within which the board forms their decisions and build their businesses. The entire board should be focusing on creating long-term sustainable growth for shareholders and delivering long-term values to all stakeholders. An effective corporate governance structure allows issuers to have a better understanding of, evaluate and manage, risks and opportunities (including environmental and social risks and opportunities). The ESG Reporting Guide set out in Appendix 27 to the Exchange Listing Rules provides a framework for issuers to, among other things, identify and consider what environmental risks and social risks may be material to them. The board should be responsible for effective governance and oversight of ESG matters, as well as assessment and management of material environmental and social risks. Issuers are required to disclose environmental and social matters in ESG reports in accordance with the ESG Reporting Guide.

## **~~CORPORATE GOVERNANCE REPORT~~**

### **PART 1 - MANDATORY DISCLOSURE REQUIREMENTS**

To provide transparency, ~~the~~ issuers must include the following information for the accounting period covered by the annual report and significant subsequent events for the period up to the date of publication of the annual report, to the extent possible: Failure to do so will be regarded as a breach of the Exchange Listing Rules.

#### **A. CORPORATE GOVERNANCE PRACTICES**

- (a) A narrative statement explaining how the issuer has applied the Pprinciples in the Code, enabling its shareholders to evaluate how the principles have been applied to enable shareholders' evaluation of such application;
- (b) a statement as to whether the issuer has complied with ~~meets~~ the code provisions. If an issuer has adopted its own code that exceeds the code provisions, it may draw attention to this fact in its annual report; and
- (c) for any deviation from the code provisions (including adoption of any alternatives other than the code provisions), details of the deviation during the financial year (including ~~considered reasons~~ the Considered Reasons and Explanation).

#### **B. BOARD OF DIRECTORS**

- (a) Composition of the board, by category of directors, including name of chairman, executive directors, non-executive directors and independent non-executive directors;
- (b) number of board meetings held during the financial year;
- (c) attendance of each director, by name, at the board and general meetings;

*Notes: 1 Subject to the issuer's constitutional documents, and the laws and regulations of its place of incorporation, attendance by a director at a meeting by electronic means such as telephonic or video-conferencing may be counted as physical attendance.*

*2 If a director is appointed part way during a financial year, the ~~his~~ attendance of such director should be stated by reference to the number of board meetings held during the director's ~~his~~ tenure.*

- (d) for each named director, the number of board or committee meetings ~~he~~ attended by the director, and, separately the number of board or committee meetings attended by ~~his~~ the alternate of the director. Attendance at board or committee meetings by an alternate director should not be counted as attendance by the director ~~himself~~;

- (e) a statement of the respective responsibilities, accountabilities and contributions of the board and management. In particular, a statement of how the board operates, including a high level statement on the types of decisions taken by the board and those delegated to management;
- (f) details of non-compliance (if any) with rules 3.10(1) and (2), and 3.10A and an explanation of the remedial steps taken to address non-compliance. This should cover non-compliance with appointment of a sufficient number of independent non-executive directors and appointment of an independent non-executive director with appropriate professional qualifications, or accounting or related financial management expertise;
- (g) reasons why the issuer considers an independent non-executive director to be independent where such director ~~he/she~~ fails to meet one or more of the guidelines for assessing independence set out in rule 3.13;
- (h) relationship (including financial, business, family or other material/relevant relationship(s)), if any, between board members and in particular, between the chairman and the chief executive; and
- (i) how each director, by name, complied with ~~A.6.5~~ code provision C.1.4.

### **C. CHAIRMAN AND CHIEF EXECUTIVE**

- ~~(a) — The identity of the chairman and chief executive; and~~
- ~~(b) — whether the roles of the chairman and chief executive are separate and exercised by different individuals.~~

### **D. NON-EXECUTIVE DIRECTORS**

The term of appointment of non-executive directors.

### **E. BOARD COMMITTEES**

The following information for each of the audit committee, remuneration committee, nomination committee, ~~audit committee~~, risk committee (if any), and corporate governance functions:

- (a) the role and function of the committee;
- (b) the composition of the committee and whether it comprises independent non-executive directors, non-executive directors and executive directors (including their names and identifying the chairman of the committee);
- (c) the number of meetings held by the committee during the year to discuss matters and the record of attendance of members, by name, at meetings held during the year; and
- (d) a summary of the work during the year, including:

- (i) for the audit committee, a report on how it met its responsibilities in its review of the quarterly (if relevant), half-yearly and annual results, and unless expressly addressed by a separate risk committee, or the board itself, its review of the risk management and internal control systems, the effectiveness of the issuer's internal audit function, and its other duties under the Corporate Governance Code. Details of non-compliance with rule 3.21 (if any) and an explanation of the remedial steps taken by the issuer to address non-compliance with establishment of an audit committee; ~~and~~
- (ii) for the remuneration committee, determining the policy for the remuneration of executive directors, assessing performance of executive directors and approving the terms of executive directors' service contracts, performed by the remuneration committee. Disclose which of the two models of remuneration committee described in ~~B.1.2(e)~~ code provision E.1.2(c) was adopted;
- (iii) for the nomination committee, disclosing the policy for the nomination of directors, ~~performed by the nomination committee or the board of directors (if there is no nomination committee)~~ during the year. This includes the nomination procedures and the process and criteria adopted by the nomination committee ~~or the board of directors (if there is no nomination committee)~~ to select and recommend candidates for directorship during the year. ~~This section should also include the board's policy or a summary of the policy on board diversity, including any measurable objectives that it has set for implementing the policy, and progress on achieving those objectives;~~
- (iv) for the risk committee (if any), a report on how it met its responsibilities in its review of the risk management and internal control systems and the effectiveness of the issuer's internal audit function; ~~and~~
- (v) for corporate governance, determining the policy for the corporate governance of the issuer, and duties performed by the board or the committee(s) under ~~D.3.1;~~ code provision A.2.1.

## **F. COMPANY SECRETARY**

- (a) Where an issuer engages an external service provider as its company secretary, its primary corporate contact person at the issuer (including his/her such person's name and position); and
- (b) details of non-compliance with rule 3.29.

## **G. DIRECTORS' SECURITIES TRANSACTIONS**

For the Model Code set out in Appendix 10 to the Exchange Listing Rules:

- (a) whether the issuer has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code;

- (b) having made specific enquiry of all directors, whether the directors of the issuer have complied with, or whether there has been any non-compliance with, the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions; and
- (c) for any non-compliance with the required standard set out in the Model Code, if any, details of these and an explanation of the remedial steps taken by the issuer to address them.

## H. RISK MANAGEMENT AND INTERNAL CONTROL

~~Where a~~An issuer includes the board's statement who reports in the Corporate Governance Report that it has conducted a review of the effectiveness of its risk management and internal control systems ~~in the annual report under code provision G.2.1, it under code provision D.2.1~~ must disclose the following:

- (a) whether the issuer has an internal audit function;
- (b) how often the risk management and internal control systems are reviewed, and the period covered, ~~and where an issuer has not conducted a review during the year, an explanation why not;~~ and
- (c) ~~a statement that a review of the effectiveness of the~~ whether the issuer considers its risk management and internal control systems ~~has been conducted and whether the issuer considers them effective and adequate.~~

## I. AUDITOR'S REMUNERATION AND AUDITOR RELATED MATTERS

An analysis of remuneration in respect of audit and non-audit services provided by the auditors (including any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally) to the issuer. The analysis must include, in respect of each significant non-audit service assignment, details of the nature of the services and the fees paid.

~~Note: The code provisions expect issuers to make certain specified disclosures in the Corporate Governance Report. Where issuers choose not to make the expected disclosure, they must give considered reasons for not doing so under paragraph G(c). For ease of reference, the specific disclosure expectations of the code provisions are:~~

- ~~1 directors' acknowledgement of their responsibility for preparing the accounts and a statement by the auditors about their reporting responsibilities (C.1. 3 of the Code);~~
- ~~2 report on material uncertainties, if any, relating to events or conditions that may cast significant doubt upon the issuer's ability to continue as a going concern (C.1. 3 of the Code);~~

~~3 a statement that the board has conducted a review of the effectiveness of the internal control system of the issuer and its subsidiaries (C.2.1 of the Code); and~~

~~4 a statement from the audit committee explaining its recommendation and the reason(s) why the board has taken a different view from the audit committee on the selection, appointment, resignation or dismissal of external auditors (C.3.5 of the Code).~~

## **J. DIVERSITY**

- (a) The issuer's policy on board diversity or a summary of the policy, including any measurable objectives that it has set for implementing the policy, and progress on achieving those objectives;
- (b) disclose and explain:
  - (i) how and when gender diversity will be achieved in respect of the board;
  - (ii) the numerical targets and timelines set for achieving gender diversity on its board; and
  - (iii) what measures the issuer has adopted to develop a pipeline of potential successors to the board to achieve gender diversity.
- (c) disclose and explain the gender ratio in the workforce (including senior management), any plans or measurable objectives the issuer has set for achieving gender diversity and any mitigating factors or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

*Note: In this Corporate Governance Code, "senior management" refers to the same persons referred to in the issuer's annual report and required to be disclosed under paragraph 12 of Appendix 16.*

## **K. SHAREHOLDERS' RIGHTS**

- (a) How shareholders can convene an extraordinary general meeting;
- (b) the procedures by which enquiries may be put to the board and sufficient contact details to enable these enquiries to be properly directed; and
- (c) the procedures and sufficient contact details for putting forward proposals at shareholders' meetings.

## **L. INVESTOR RELATIONS**

- (a) Any significant changes in the issuer's constitutional documents during the year;
- (b) the issuer's shareholders' communication policy (or its summary), which should include channels for shareholders to communicate their views on various matters affecting the issuer, as well as steps taken to solicit and understand the views of

shareholders and stakeholders; and

- (c) a statement of the issuer's review of the implementation and effectiveness of the shareholders' communication policy conducted during the year (including how it arrives at the conclusion).

## **~~RECOMMENDED DISCLOSURES~~**

~~The disclosures set out in the following paragraphs on corporate governance matters are provided for issuers' reference. They are not intended to be exhaustive or mandatory. They are intended to show the areas which issuers may comment on in their Corporate Governance Report. The level of detail needed varies with the nature and complexity of issuers' business activities. Issuers are encouraged to include the following information in their Corporate Governance Report:~~

### **~~R. SHARE INTERESTS OF SENIOR MANAGEMENT~~**

~~The number of shares held by senior management (i.e. those individuals whose biographical details are disclosed in the annual report).~~

### **~~S. INVESTOR RELATIONS~~**

- ~~(a) Details of shareholders by type and aggregate shareholding;~~
- ~~(b) details of the last shareholders' meeting, including the time and venue, major items discussed and voting particulars;~~
- ~~(c) indication of important shareholders' dates in the coming financial year; and~~
- ~~(d) public float capitalisation at the year end.~~

### **~~T. MANAGEMENT FUNCTIONS~~**

~~The division of responsibility between the board and management.~~

~~*Note: Issuers may consider that some of the information recommended under paragraphs R to T is too lengthy and detailed to be included in the Corporate Governance Report. As an alternative to full disclosure in the Corporate Governance Report, issuers may choose to include some or all of this information:*~~

- ~~(a) on its website and highlight to investors where they can:~~
- ~~(i) access the soft copy by giving a hyperlink direct to the relevant webpage; and/or~~
- ~~(ii) collect a hard copy of the relevant information free of charge; or~~
- ~~(b) where the information is publicly available, by stating where the information can be found. Any hyperlink should be direct to the relevant webpage.~~

**PART 2 - PRINCIPLES OF GOOD CORPORATE GOVERNANCE,**  
**CODE PROVISIONS AND**  
**RECOMMENDED BEST PRACTICES**

**A. DIRECTORS CORPORATE PURPOSE, STRATEGY AND GOVERNANCE**

**A.1 The Board Corporate strategy, business model and culture**

**Principle**

An issuer should be headed by an effective board which should assume responsibility for its leadership and control and be collectively responsible for promoting its success by directing and supervising its affairs. Directors should take decisions objectively in the best interests of the issuer.

~~The board should regularly review the contribution required from a director to perform his responsibilities to the issuer, and whether he is spending sufficient time performing them.~~

**Code Provisions**

A.1.1 The board should establish the issuer's purpose, values and strategy, and satisfy itself that these and the issuer's culture are aligned. All directors must act with integrity, lead by example, and promote the desired culture. Such culture should instil and continually reinforce across the organisation values of acting lawfully, ethically and responsibly.

A.1.2 The directors should include ~~in the separate statement containing~~ a discussion and analysis of the group's performance in the annual report, an explanation of the basis on which the issuer generates or preserves value over the longer term (the business model) and the strategy for delivering the issuer's objectives.

*Note: An issuer should have a corporate strategy and a long term business model. Long term financial performance as opposed to short term rewards should be a corporate governance objective. An issuer's board should not take undue risks to make short term gains at the expense of long term objectives.*

**A.2 Corporate Governance Functions**

**Principle**

The board is responsible for performing the corporate governance duties. It may delegate the responsibility to a committee or committees.

## Code Provisions

- A.2.1 The terms of reference of the board (or a committee or committees performing this function) should include at least:
- (a) to develop and review an issuer's policies and practices on corporate governance and make recommendations to the board;
  - (b) to review and monitor the training and continuous professional development of directors and senior management;
  - (c) to review and monitor the issuer's policies and practices on compliance with legal and regulatory requirements;
  - (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
  - (e) to review the issuer's compliance with the ~~code~~ Corporate Governance Code and disclosure in the Corporate Governance Report.

~~D.3.2 The board should be responsible for performing the corporate governance duties set out in the terms of reference in D.3.1 or it may delegate the responsibility to a committee or committees.~~

## B. BOARD COMPOSITION AND NOMINATION

### B.1 Board composition, succession and evaluation

#### Principle

The board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the issuer's business, and should ensure that the directors devote sufficient time and make contributions to the issuer that are commensurate with their role and board responsibilities. It should ensure that changes to its composition can be managed without undue disruption. It should include a balanced composition of executive and non-executive directors (including independent non-executive directors) so that there is a strong independent element on the board, which can effectively exercise independent judgement. Non-executive directors should be of sufficient calibre and number for their views to carry weight.

#### Code Provisions

- B.1.1 The independent non-executive directors should be identified in all corporate communications that disclose the names of directors.
- B.1.2 An issuer should maintain on its website and on the Exchange's website an updated list of its directors identifying their roles and functions and

whether they are independent non-executive directors.

B.1.3 The board should review the implementation and effectiveness of the issuer's policy on board diversity on an annual basis.

B.1.4 An issuer should establish mechanism(s) to ensure independent views and input are available to the board and disclose such mechanism(s) in its Corporate Governance Report. The board should review the implementation and effectiveness of such mechanism(s) on an annual basis.

### **Recommended Best Practices**

B.1.5 The board should conduct a regular evaluation of its performance.

B.1.6 The board should state its reasons if it determines that a proposed director is independent notwithstanding that the individual holds cross-directorships or has significant links with other directors through involvements in other companies or bodies.

*Note: A cross-directorship exists when two (or more) directors sit on each other's boards.*

## **B.2 Appointments, re-election and removal**

### **Principle**

There should be a formal, considered and transparent procedure for the appointment of new directors. There should be plans in place for orderly succession for appointments. All directors should be subject to re-election at regular intervals. An issuer must explain the reasons for the resignation or removal of any director.

### **Code Provisions**

~~A.4.1 Non-executive directors should be appointed for a specific term, subject to re-election.~~

B.2.1 ~~Every d~~Directors should ensure that ~~he~~they can give sufficient time and attention to the issuer's affairs and should not accept the appointment if ~~he~~they cannot do so.

B.2.2 ~~All directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment.~~ Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

B.2.3 ~~Serving more than 9 years could be relevant to the determination of a non-executive director's independence.~~ If an independent non-executive director has served~~serves~~ more than 9~~nine~~ years, his~~such~~ director's

further appointment should be subject to a separate resolution to be approved by shareholders. The papers to shareholders accompanying that resolution should ~~include the reasons~~ state why the board (or the nomination committee) believes that ~~he~~ the director is still independent and should be re-elected, including the factors considered, the process and the discussion of the board (or the nomination committee) in arriving at such determination.

B.2.4 Where all the independent non-executive directors of an issuer have served more than nine years on the board, the issuer should:

- (a) disclose the length of tenure of each existing independent non-executive director on a named basis in the circular to shareholders and/or explanatory statement accompanying the notice of the annual general meeting; and
- (b) appoint a new independent non-executive director on the board at the forthcoming annual general meeting<sup>1</sup>.

### **B.3 Nomination Committee**

#### **Principle**

In carrying out its responsibilities, the nomination committee should give adequate consideration to the Principles under A.3 and A.4 B.1 and B.2.

#### **Code Provisions**

~~A.5.1 Issuers should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors.~~

B.3.1 The nomination committee should be established with specific written terms of reference which deal clearly with its authority and duties. It should perform the following duties:-

- (a) review the structure, size and composition (including the skills, knowledge and experience) of the board at least annually and make recommendations on any proposed changes to the board to complement the issuer's corporate strategy;
- (b) identify individuals suitably qualified to become board members and select or make recommendations to the board on the selection of individuals nominated for directorships;
- (c) assess the independence of independent non-executive directors; and

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<sup>1</sup> The appointment of a new independent non-executive director requirement will come into effect for the financial year commencing on or after 1 January 2023.

(d) make recommendations to the board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive.

B.3.2 The nomination committee should make available its terms of reference explaining its role and the authority delegated to it by the board by including them on the Exchange's website and issuer's website.

B.3.3 Issuers should provide the nomination committee sufficient resources to perform its duties. Where necessary, the nomination committee should seek independent professional advice, at the issuer's expense, to perform its responsibilities.

B.3.4 Where the board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting:

(a) the process used for identifying the individual and why the board believes the individual should be elected and the reasons why it considers the individual to be independent;

(b) if the proposed independent non-executive director will be holding their seventh (or more) listed company directorship, why the board believes the individual would still be able to devote sufficient time to the board;

(c) the perspectives, skills and experience that the individual can bring to the board; and

(d) how the individual contributes to diversity of the board.

## C. DELEGATION BY THE BOARD DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS

### C.1 Responsibilities of directors

#### Principle

Every director must always know ~~his~~their responsibilities as a director of an issuer and its conduct, business activities and development. Given the essential unitary nature of the board, non-executive directors have the same duties of care and skill and fiduciary duties as executive directors.

#### Code Provisions

C.1.1 ~~Every n~~Newly appointed directors of an issuer should receive a comprehensive, formal and tailored induction on appointment.

Subsequently ~~he~~they should receive any briefing and professional development necessary to ensure that ~~he has~~they have a proper understanding of the issuer's operations and business and ~~is~~are fully aware of ~~his~~their responsibilities under statute and common law, the Exchange Listing Rules, legal and other regulatory requirements and the issuer's business and governance policies.

C.1.2 The functions of non-executive directors should include:

- (a) participating in board meetings to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;
- (b) taking the lead where potential conflicts of interests arise;
- (c) serving on the audit, remuneration, nomination and other governance committees, if invited; and
- (d) scrutinising the issuer's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.

C.1.3 The board should establish written guidelines no less exacting than the Model Code for relevant employees in respect of their dealings in the issuer's securities. "Relevant employee" includes any employee or a director or employee of a subsidiary or holding company who, because of ~~his~~his~~such~~ office or employment, is likely to possess inside information in relation to the issuer or its securities.

C.1.4 All directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the board remains informed and relevant. The issuer should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of a listed company director.

*Note: Directors should provide a record of the training they received to the issuer.*

C.1.5 ~~Each~~Each ~~Director~~Directors should disclose to the issuer at the time of ~~his~~their appointments, and in a timely manner for any changes, the number and nature of offices held in public companies or organisations and other significant commitments. The identity of the public companies or organisations and an indication of the time involved should also be disclosed. The board should determine for itself how frequently this disclosure should be made.

C.1.6 Independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied

backgrounds and qualifications through regular attendance and active participation. Generally they should also attend general meetings to gain and develop a balanced understanding of the views of shareholders.

Note: Non-executive directors' attendance at general meetings is important. An independent non-executive director is often the chairman or a member of board committees and as such, the individual should be accountable to shareholders by being available to respond to questions and enquiries in relation to their work. Without attending general meetings, the director will not be able to develop a balanced understanding of the views of shareholders.

- C.1.7 Independent non-executive directors and other non-executive directors should make a positive contribution to the development of the issuer's strategy and policies through independent, constructive and informed comments.
- C.1.8 An issuer should arrange appropriate insurance cover in respect of legal action against its directors.

## **C.2 Chairman and Chief Executive**

### **Principle**

There are two key aspects of the management of every issuer – the management of the board and the day-to-day management of business. There should be a clear division of these responsibilities to ensure a balance of power and authority, so that power is not concentrated in any one individual.

### **Code Provisions**

- C.2.1 The roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.
- C.2.2 The chairman should ensure that all directors are properly briefed on issues arising at board meetings.
- C.2.3 The chairman should be responsible for ensuring that directors receive, in a timely manner, adequate information, which must be accurate, clear, complete and reliable.
- C.2.4 One of the important roles of the chairman is to provide leadership for the board. The chairman should ensure that the board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner. The chairman should be primarily responsible for drawing up and approving the agenda for each board meeting. ~~He~~ The chairman should take into account, where appropriate,

any matters proposed by the other directors for inclusion in the agenda. The chairman may delegate this responsibility to a designated director or the company secretary.

- C.2.5 The chairman should take primary responsibility for ensuring that good corporate governance practices and procedures are established.
- C.2.6 The chairman should encourage all directors to make a full and active contribution to the board's affairs and take the lead to ensure that it acts in the best interests of the issuer. The chairman should encourage directors with different views to voice their concerns, allow sufficient time for discussion of issues and ensure that board decisions fairly reflect board consensus.
- C.2.7 The chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors.
- C.2.8 The chairman should ensure that appropriate steps are taken to provide effective communication with shareholders and that their views are communicated to the board as a whole.
- C.2.9 The chairman should promote a culture of openness and debate by facilitating the effective contribution of non-executive directors in particular and ensuring constructive relations between executive and non-executive directors.

### **C.3 Management functions**

#### **Principle**

An issuer should have a formal schedule of matters specifically reserved for board approval. The board should give clear directions to management on the matters that must be approved by it before decisions are made on the issuer's behalf.

#### **Code Provisions**

- C.3.1 When the board delegates aspects of its management and administration functions to management, it must, at the same time, give clear directions as to the management's powers, in particular, where management should report back and obtain prior board approval before making decisions or entering into any commitments on the issuer's behalf.

*Note: The board should not delegate matters to a board committee, executive directors or management to an extent that would significantly hinder or reduce the ability of the board as a whole to perform its functions.*

- C.3.2 An issuer should formalise the functions reserved to the board and those delegated to management. It should review those arrangements periodically to ensure that they remain appropriate to the issuer's needs.

~~D.1.3 An issuer should disclose the respective responsibilities, accountabilities and contributions of the board and management.~~

C.3.3 Directors should clearly understand delegation arrangements in place. Issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment.

#### **C.4 Board Committees**

##### **Principle**

Board committees should be formed with specific written terms of reference which deal clearly with their authority and duties.

##### **Code Provisions**

C.4.1 Where board committees are established to deal with matters, the board should give them sufficiently clear terms of reference to enable them to perform their functions properly.

C.4.2 The terms of reference of board committees should require them to report back to the board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

#### **C.5 Conduct of board proceedings and sSupply of and access to information**

##### **Principle**

The issuer should ensure directors can participate in board proceedings in a meaningful and effective manner. Directors should be provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities.

##### **Code Provisions**

C.5.1 The board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. It is expected regular board meetings will normally involve the active participation, either in person or through electronic means of communication, of a majority of directors entitled to be present. So, a regular meeting does not include obtaining board consent through circulating written resolutions.

C.5.2 Arrangements should be in place to ensure that all directors are given an opportunity to include matters in the agenda for regular board meetings.

C.5.3 Notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. For all other board meetings,

reasonable notice should be given.

- C.5.4 Minutes of board meetings and meetings of board committees should be kept by a duly appointed secretary of the meeting and should be open for inspection at any reasonable time on reasonable notice by any director.
- C.5.5 Minutes of board meetings and meetings of board committees should record in sufficient detail the matters considered and decisions reached, including any concerns raised by directors or dissenting views expressed. Draft and final versions of minutes should be sent to all directors for their comment and records respectively, within a reasonable time after the board meeting is held.
- C.5.6 There should be a procedure agreed by the board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the issuer's expense. The board should resolve to provide separate independent professional advice to directors to assist them perform their duties to the issuer.
- C.5.7 If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. Independent non-executive directors who, and whose close associates, have no material interest in the transaction should be present at that board meeting.

*Note: Subject to the issuer's constitutional documents, and the laws and regulations of its place of incorporation, ~~a director's attendance by a director at a meeting by electronic means including such as telephonic or videoconferencing may be counted as physical attendance at a physical board meeting.~~*

- C.5.8 For regular board meetings, and as far as practicable in all other cases, an agenda and accompanying board papers should be sent, in full, to all directors. These should be sent in a timely manner and at least 3 days before the intended date of a board or board committee meeting (or other agreed period).
- C.5.9 Management has an obligation to supply the board and its committees with adequate information, in a timely manner, to enable it to make informed decisions. The information supplied must be complete and reliable. To fulfil ~~his~~their duties properly, ~~a~~directors may not, in all circumstances, be able to rely purely on information provided voluntarily by management and ~~he~~they may need to make further enquiries. Where any director requires more information than is volunteered by management, ~~he~~that director should make further enquiries where necessary. So, the board and individual directors should have separate and independent access to the issuer's senior management.

C.5.10 All directors are entitled to have access to board papers and related materials. These papers and related materials should be in a form and quality sufficient to enable the board to make informed decisions on matters placed before it. Queries raised by directors should receive a prompt and full response, if possible.

## **C.6 Company Secretary**

### **Principle**

The company secretary plays an important role in supporting the board by ensuring good information flow within the board and that board policy and procedures are followed. The company secretary is responsible for advising the board through the chairman and/or the chief executive on governance matters and should also facilitate induction and professional development of directors.

### **Code Provisions**

C.6.1 The company secretary should be an employee of the issuer and have day-to-day knowledge of the issuer's affairs. Where an issuer engages an external service provider as its company secretary, it should disclose the identity of a person with sufficient seniority (e.g. chief legal counsel or chief financial officer) at the issuer whom the external provider can contact.

C.6.2 The board should approve the selection, appointment or dismissal of the company secretary.

*Note: A board meeting should be held to discuss the appointment and dismissal of the company secretary and the matter should be dealt with by a physical board meeting rather than a written resolution.*

C.6.3 The company secretary should report to the board chairman and/or the chief executive.

C.6.4 All directors should have access to the advice and services of the company secretary to ensure that board procedures, and all applicable law, rules and regulations, are followed.

## **D. ~~ACCOUNTABILITY AND AUDIT~~ AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT**

### **D.1 Financial reporting**

#### **Principle**

The board should present a balanced, clear and comprehensible assessment of the company's performance, position and prospects.

## Code Provisions

D.1.1 Management should provide sufficient explanation and information to the board to enable it to make an informed assessment of financial and other information put before it for approval.

D.1.2 Management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 13.

*Note: The information provided may include background or explanatory information relating to matters to be brought before the board, copies of disclosure documents, budgets, forecasts and monthly and other relevant internal financial statements such as monthly management accounts and management updates. For budgets, any material variance between the projections and actual results should also be disclosed and explained.*

D.1.3 The directors should acknowledge in the Corporate Governance Report their responsibility for preparing the accounts. There should be a statement by the auditors about their reporting responsibilities in the auditors' report on the financial statements. Unless it is inappropriate to assume that the company will continue in business, the directors should prepare the accounts on a going concern basis, with supporting assumptions or qualifications as necessary. Where the directors are aware of material uncertainties relating to events or conditions that may cast significant doubt on the issuer's ability to continue as a going concern, they should be clearly and prominently disclosed and discussed at length in the Corporate Governance Report. The Corporate Governance Report should contain sufficient information for investors to understand the severity and significance of matters. To a reasonable and appropriate extent, the issuer may refer to other parts of the annual report. These references should be clear and unambiguous, and the Corporate Governance Report should not contain only a cross-reference without any discussion of the matter.

D.1.4 The board should present a balanced, clear and understandable assessment in annual and interim reports and other financial disclosures required by the Exchange Listing Rules. It should also do so for reports to regulators and information disclosed under statutory requirements.

## Recommended Best Practices

D.1.5 An issuer should announce and publish quarterly financial results within 45 days after the end of the relevant quarter. These should disclose sufficient information to enable shareholders to assess the issuer's

performance, financial position and prospects. An issuer's quarterly financial results should be prepared using the accounting policies of its half-year and annual accounts.

- D.1.6 Once an issuer announces quarterly financial results, it should continue to do so for each of the first 3 and 9 months periods of subsequent financial years. Where it decides not to continuously announce and publish its financial results for a particular quarter, it should announce the reason(s) for this decision.

## D.2 Risk management and internal control

### Principle

The board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the issuer's strategic objectives, and ensuring that the issuer establishes and maintains appropriate and effective risk management and internal control systems. Such risks would include, amongst others, material risks relating to ESG (please refer to the ESG Reporting Guide in Appendix 27 to the Exchange Listing Rules for further information). The board should oversee management in the design, implementation and monitoring of the risk management and internal control systems, and management should provide a confirmation to the board on the effectiveness of these systems.

### Code Provisions

- D.2.1 The board should oversee the issuer's risk management and internal control systems on an ongoing basis, ensure that a review of the effectiveness of the issuer's and its subsidiaries' risk management and internal control systems has been conducted at least annually and report to shareholders that it has done so in its Corporate Governance Report. The review should cover all material controls, including financial, operational and compliance controls.
- D.2.2 The board's annual review should, in particular, ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the issuer's accounting, internal audit, ~~and~~ financial reporting functions, as well as those relating to the issuer's ESG performance and reporting.
- D.2.3 The board's annual review should, in particular, consider:
- (a) the changes, since the last annual review, in the nature and extent of significant risks (including ESG risks), and the issuer's ability to respond to changes in its business and the external environment;
  - (b) the scope and quality of management's ongoing monitoring of risks (including ESG risks) and of the internal control systems, and where applicable, the work of its internal audit function and other

assurance providers;

- (c) the extent and frequency of communication of monitoring results to the board (or board committee(s)) which enables it to assess control of the issuer and the effectiveness of risk management;
- (d) significant control failings or weaknesses that have been identified during the period. Also, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the issuer's financial performance or condition; and
- (e) the effectiveness of the issuer's processes for financial reporting and Exchange Listing Rule compliance.

D.2.4 Issuers should disclose, in the Corporate Governance Report, a narrative statement on how they have complied with the risk management and internal control code provisions during the reporting period. In particular, they should disclose:

- (a) the process used to identify, evaluate and manage significant risks;
- (b) the main features of the risk management and internal control systems;
- (c) an acknowledgement by the board that it is responsible for the risk management and internal control systems and reviewing their effectiveness. It should also explain that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss;
- (d) the process used to review the effectiveness of the risk management and internal control systems and to resolve material internal control defects; and
- (e) the procedures and internal controls for the handling and dissemination of inside information.

D.2.5 The issuer should have an internal audit function. Issuers without an internal audit function should review the need for one on an annual basis and should disclose the reasons for the absence of such a function in the Corporate Governance Report.

*Notes:*

- 1 *An internal audit function generally carries out the analysis and independent appraisal of the adequacy and effectiveness of the issuer's risk management and internal control systems.*

2 *A group with multiple listed issuers may share group resources to carry out the internal audit function for members of the group.*

D.2.6 The issuer should establish a whistleblowing policy and system for employees and those who deal with the issuer (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, with the audit committee (or any designated committee comprising a majority of independent non-executive directors) about possible improprieties in any matter related to the issuer.

D.2.7 The issuer should establish policy(ies) and system(s) that promote and support anti-corruption laws and regulations.

### **Recommended Best Practices**

D.2.8 The board may disclose in the Corporate Governance Report that it has received a confirmation from management on the effectiveness of the issuer's risk management and internal control systems.

D.2.9 The board may disclose in the Corporate Governance Report details of any significant areas of concern.

## **D.3 Audit Committee**

### **Principle**

The board should establish formal and transparent arrangements to consider how it will apply financial reporting, risk management and internal control principles and maintain an appropriate relationship with the issuer's auditors. The audit committee established under the Exchange Listing Rules should have clear terms of reference.

### **Code Provisions**

D.3.1 Full minutes of audit committee meetings should be kept by a duly appointed secretary of the meeting (who should normally be the company secretary). Draft and final versions of minutes of the meetings should be sent to all committee members for their comment and records, within a reasonable time after the meeting.

D.3.2 A former partner of the issuer's existing auditing firm should be prohibited from acting as a member of its audit committee for a period of two years from the date of the person ceasing:

- (a) to be a partner of the firm; or
- (b) to have any financial interest in the firm,

whichever is later.

D.3.3 The audit committee's terms of reference should include at least:-

*Relationship with the issuer's auditors*

- (a) to be primarily responsible for making recommendations to the board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The audit committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- (c) to develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The audit committee should report to the board, identifying and making recommendations on any matters where action or improvement is needed;

*Review of the issuer's financial information*

- (d) to monitor integrity of the issuer's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them. In reviewing these reports before submission to the board, the committee should focus particularly on:-
  - (i) any changes in accounting policies and practices;
  - (ii) major judgmental areas;
  - (iii) significant adjustments resulting from audit;
  - (iv) the going concern assumptions and any qualifications;
  - (v) compliance with accounting standards; and
  - (vi) compliance with the Exchange Listing Rules and legal requirements in relation to financial reporting;

- (e) Regarding (d) above:-
  - (i) members of the committee should liaise with the board and senior management and the committee must meet, at least twice a year, with the issuer's auditors; and
  - (ii) the committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it should give due consideration to any matters that have been raised by the issuer's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

*Oversight of the issuer's financial reporting system, risk management and internal control systems*

- (f) to review the issuer's financial controls, and unless expressly addressed by a separate board risk committee, or by the board itself, to review the issuer's risk management and internal control systems;
- (g) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the issuer's accounting and financial reporting function;
- (h) to consider major investigation findings on risk management and internal control matters as delegated by the board or on its own initiative and management's response to these findings;
- (i) where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the issuer, and to review and monitor its effectiveness;
- (j) to review the group's financial and accounting policies and practices;
- (k) to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;
- (l) to ensure that the board will provide a timely response to the issues raised in the external auditor's management letter;
- (m) to report to the board on the matters in this code provision; and

(n) to consider other topics, as defined by the board.

~~Notes: These are only intended to be suggestions on how compliance with this code provision may be achieved and do not form part of it.~~

~~1 The audit committee may wish to consider establishing the following procedure to review and monitor the independence of external auditors:–~~

~~(i) consider all relationships between the issuer and the audit firm (including non-audit services);~~

~~(ii) obtain from the audit firm annually, information about policies and processes for maintaining independence and monitoring compliance with relevant requirements, including those for rotation of audit partners and staff; and~~

~~(iii) meet with the auditor, at least annually, in the absence of management, to discuss matters relating to its audit fees, any issues arising from the audit and any other matters the auditor may wish to raise.~~

~~2 The audit committee may wish to consider agreeing with the board the issuer's policies on hiring employees or former employees of the external auditors and monitoring the application of these policies. The audit committee should then be in a position to consider whether there has been or appears to be any impairment of the auditor's judgement or independence for the audit.~~

~~3 The audit committee should ensure that an external auditor's provision of non-audit services does not impair its independence or objectivity. When assessing the external auditor's independence or objectivity in relation to non-audit services, the audit committee may wish to consider:~~

~~(i) whether the skills and experience of the audit firm make it a suitable supplier of non-audit services;~~

~~(ii) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit because the external auditor provides non-audit services;~~

~~(iii) the nature of the non-audit services, the related fee levels and fee levels individually and in total relative to the audit firm; and~~

~~(iv) criteria for compensation of the individuals performing~~

*the audit.*

~~4 For further guidance, issuers may refer to the “Principles of Auditor Independence and the Role of Corporate Governance in Monitoring an Auditor’s Independence” issued by the Technical Committee of the International Organization of Securities Commissions in October 2002 and “A Guide for Effective Audit Committees” published by the Hong Kong Institute of Certified Public Accountants in February 2002. Issuers may also adopt the terms of reference in those guides, or any other comparable terms of reference for establishing an audit committee.~~

- D.3.4 The audit committee should make available its terms of reference, explaining its role and the authority delegated to it by the board by including them on the Exchange’s website and the issuer’s website.
- D.3.5 Where the board disagrees with the audit committee’s view on the selection, appointment, resignation or dismissal of the external auditors, the issuer should include in the Corporate Governance Report a statement from the audit committee explaining its recommendation and also the reason(s) why the board has taken a different view.
- D.3.6 The audit committee should be provided with sufficient resources to perform its duties.
- D.3.7 The terms of reference of the audit committee should also require it:
- (a) to review arrangements employees of the issuer can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The audit committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and
  - (b) to act as the key representative body for overseeing the issuer’s relations with the external auditor.

#### **Recommended Best Practice**

~~C.3.8 The audit committee should establish a whistleblowing policy and system for employees and those who deal with the issuer (e.g. customers and suppliers) to raise concerns, in confidence, with the audit committee about possible improprieties in any matter related to the issuer.~~

## **E. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND BOARD EVALUATION**

### **E.1 The level and make-up of remuneration and disclosure**

#### **Principle**

An issuer should ~~disclose its~~ have a formal and transparent policy on directors' remuneration ~~policy~~ and other remuneration related matters. The procedure for setting policy on executive directors' remuneration and all directors' remuneration packages should be formal and transparent. Remuneration levels should be sufficient to attract and retain directors to run the company successfully without paying more than necessary. No director should be involved in deciding ~~his~~ that director's own remuneration.

#### **Code Provisions**

E.1.1 The remuneration committee should consult the chairman and/or chief executive about their remuneration proposals for other executive directors. The remuneration committee should have access to independent professional advice if necessary.

E.1.2 The remuneration committee's terms of reference should include, as a minimum:-

- (a) to make recommendations to the board on the issuer's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (b) to review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives;
- (c) either:
  - (i) to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management; or
  - (ii) to make recommendations to the board on the remuneration packages of individual executive directors and senior management.

This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

- (d) to make recommendations to the board on the remuneration of non-executive directors;

- (e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
- (f) to review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (g) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
- (h) to ensure that no director or any of ~~his~~their associates is involved in deciding ~~his~~that director's own remuneration.

E.1.3 The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board by including them on the Exchange's website and the issuer's website.

E.1.4 The remuneration committee should be provided with sufficient resources to perform its duties.

E.1.5 Issuers should disclose the directors' remuneration policy, details of any remuneration payable to members of senior management by band and other remuneration related matters in their annual reports.

### **Recommended Best Practices**

E.1.6 If ~~B.1.2(e)(ii)~~E.1.2(c)(ii) is adopted, where the board resolves to approve any remuneration or compensation arrangements with which the remuneration committee disagrees, the board should disclose the reasons for its resolution in its next Corporate Governance Report.

E.1.7 A significant proportion of executive directors' remuneration should link rewards to corporate and individual performance.

E.1.8 Issuers should disclose details of any remuneration payable to members of senior management, on an individual and named basis, in their annual reports.

E.1.9 Issuers generally should not grant equity-based remuneration (e.g. share options or grants) with performance-related elements to independent non-executive directors as this may lead to bias in their decision-making and compromise their objectivity and independence.

## F. ~~COMMUNICATION WITH SHAREHOLDERS~~SHAREHOLDERS ENGAGEMENT

### F.1 Effective communication

#### Principle

The board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with them and encourage their participation.

#### Code Provisions

F.1.1 The issuer should have a policy on payment of dividends and should disclose it in the annual report.

#### Recommended Best Practices

F.1.2 Issuers are encouraged to include the following information in their Corporate Governance Report:

- (a) details of shareholders by type and aggregate shareholding;
- (b) indication of important shareholders' dates in the coming financial year;
- (c) the percentage of public float, based on information that is publicly available to the issuer and within the knowledge of its directors as at the latest practicable date prior to the issue of the annual report;  
and
- (d) the number of shares held by each of the senior management.

### F.2 ~~Voting by Poll~~Shareholders meetings

#### Principle

The issuer should ensure that shareholders are given sufficient notice of shareholders meetings and are familiar with the detailed procedures for conducting a poll, and should arrange to address questions from shareholders in the shareholders meetings.

#### Code Provisions

~~F.2.1 The issuer should arrange for the notice to shareholders to be sent for annual general meetings at least 20 clear business days before the meeting and to be sent at least 10 clear business days for all other general meetings.~~

- F.2.1 For each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of that meeting. Issuers should avoid “bundling” resolutions unless they are interdependent and linked forming one significant proposal. Where the resolutions are “bundled”, issuers should explain the reasons and material implications in the notice of meeting.

*Note: An example of a substantially separate issue is the nomination of persons as directors. Accordingly, each person should be nominated by means of a separate resolution.*

- F.2.2 The chairman of the board should attend the annual general meeting. The chairman of the board ~~He~~ should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, ~~he~~ the chairman should invite another member of the committee or failing this ~~his~~ their duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting. The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that requires independent shareholders’ approval. An issuer’s management should ensure the external auditor attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditors’ report, the accounting policies and auditor independence.

*Note: Subject to the issuer’s constitutional documents, and the laws and regulations of its place of incorporation, attendance by the above persons at a meeting by electronic means such as telephonic or videoconferencing may be counted as physical attendance.*

- F.2.3 The chairman of a meeting should ensure that an explanation is provided of the detailed procedures for conducting a poll and answer any questions from shareholders on voting by poll.

## B. Amendments to Other MB Rules

### Chapter 3

#### GENERAL

#### AUTHORISED REPRESENTATIVES, DIRECTORS, BOARD COMMITTEES AND COMPANY SECRETARY

##### Nomination Committee

3.27A An issuer must establish a nomination committee chaired by the chairman of the board or an independent non-executive director and comprising a majority of independent non-executive directors.

### Chapter 13

#### EQUITY SECURITIES

#### CONTINUING OBLIGATIONS

##### Meetings of Shareholders

...

13.39 (5A) The issuer must state in the poll results announcement directors' attendance at the general meeting.

...

##### Environmental and Social Matters

13.91 (5) Where the ESG report does not form part of the issuer's annual report:

.....

(d) ~~The issuer shall publish~~ ~~is encouraged to publish~~ the ESG report at the same time as the publication of the annual report. ~~In any event, the issuer should publish the ESG report as close as possible to, and no later than five months after, the end of the financial year.~~

13.92 The nomination committee (or the board) shall have a policy concerning diversity of board members, and shall disclose the policy on diversity or a summary of the policy in the corporate governance report. Board diversity differs according to the circumstances of each issuer. While diversity of board members can be achieved through consideration of a number of factors (including but not limited to gender, age, cultural and educational background, or professional experience), the Exchange will not consider diversity to be achieved for a single gender board.

*Note: As a transitional arrangement, issuers with a single gender board will have to appoint at least a director of a different gender on the board no later than 31 December 2024. Board diversity will differ according to the circumstances of each issuer. Diversity of board members can be achieved through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, or professional experience. Each issuer should take into account its own business*

~~model and specific needs, and disclose the rationale for the factors it uses for this purpose.~~

## Appendix 5

### 附錄五

#### Declaration and Undertaking with regard to Directors

#### 董事的聲明及承諾

#### Form B

#### B表格

#### Part 1

#### 第一部分

#### Declaration

#### 聲明

1. State:—  
請填報:

in English  
英文

in Chinese  
中文

...

(i) sex (male / female  
/ non-binary / others)

性別 (男 / 女 /

非二元性別 / 其他) .....

**Appendix 5**

附錄五

**Declaration and Undertaking with regard to Directors of an Issuer incorporated in the People's Republic of China ("PRC")**

在中華人民共和國（「中國」）註冊成立的發行人的董事的聲明及承諾

**Form H**

H表格

**Part 1**

第一部分

**DECLARATION**

聲明

1. State:—

請填報:

in English

英文

in Chinese

中文

...

(i) sex (male / female / non-binary / others)

性別 (男 / 女 /

非二元性別 / 其他)

.....

## Appendix 27

### Environmental, Social and Governance Reporting Guide

#### Part A: Introduction

##### The Guide

...

- (4) (2) Where the ESG report does not form part of the issuer's annual report:
- (d) The issuer ~~shall publish~~ is encouraged to publish the ESG report at the same time as the publication of the annual report. ~~In any event, the issuer should publish the ESG report as close as possible to, and no later than five months after, the end of the financial year.~~

## C. Consequential Amendments to MB Rules

### Chapter 1

#### GENERAL

#### INTERPRETATION

1.01 ...

“connected person”	...
<b><u>“Considered Reasons and Explanation”</u></b>	<u>has the meaning defined in Appendix 14</u>
“controlling shareholder”	...

### Chapter 8A

#### EQUITY SECURITIES

#### WEIGHTED VOTING RIGHTS

#### CORPORATE GOVERNANCE

...

#### Independent Non-Executive Directors

##### *Role of an independent non-executive director*

8A.26 The role of an independent non-executive director of a listed issuer with a WVR structure must include but is not limited to the functions described in ~~Code Provisions A.6.2, A.6.7 and A.6.8~~code provisions C.1.2, C.1.6 and C.1.7 in Part 2 of Appendix 14 to these rules.

##### ***Nomination committee***

8A.27 Issuers with a WVR structure must establish a nomination committee that complies with Section ~~A5~~B.3 in Part 2 of Appendix 14 of these rules.

*Note: The appointment or re-appointment of directors, including independent non-executive directors must be subject to the recommendation of the nomination committee, in accordance with ~~A.5.2(b) and (d)~~sub-paragraphs (b) and (d) of code provision B.3.1 in Part 2 of Appendix 14 of these rules.*

8A.28 The nomination committee established under rule 8A.27 must be chaired by an independent non-executive director and comprising a majority of independent non-executive directors.

...

**Corporate Governance Committee**  
**Terms of reference**

8A.30 An issuer with a WVR structure must establish a Corporate Governance Committee with at least the terms of reference set out in ~~Code Provision D.3.4~~ code provision A.2.1 in Part 2 of Appendix 14 to these rules, and the following additional terms:

...

**Communication with Shareholders**

8A.35 An issuer with a WVR structure must comply with Section ~~EF~~ "Communication with Shareholders Engagement" in Part 2 of Appendix 14 to these rules.

**Chapter 13**

**EQUITY SECURITIES**

**CONTINUING OBLIGATIONS**

**DISCLOSURE OF FINANCIAL INFORMATION**

**Distribution of annual report and accounts**

...

13.46 (2) (c) ...

Notes: ...

4. ...

(b) *a statement as to whether it complies with the ~~Corporate Governance Code~~ code provisions in Part 2 of Appendix 14 and, if not, the ~~reason for~~ Considered Reasons and Explanation in respect of the deviation; and*

...

**Interim Reports**

13.48 (1) ...

Note: ...

(b) *a statement as to whether it complies with the ~~Corporate Governance Code~~ code provisions in Part 2 of Appendix 14 and, if not, the ~~reason for~~ Considered Reasons and Explanation in respect of the deviation; and*

...

**GENERAL**

**Corporate Governance Code**

13.89 (1) The Corporate Governance Code in Appendix 14 sets out: (a) the mandatory requirements for disclosure in an issuer's Corporate Governance Report, and (b) the principles of good corporate governance and two levels of recommendations: (a), the code provisions on a "comply or explain" basis; and (b) certain recommended best practices. Issuers are expected to comply with, but may choose to deviate from, the code provisions. The encouraged to adopt the

recommended best practices ~~are for guidance only~~ on a voluntary basis.

~~Note: Issuers may also devise their own code on corporate governance practices on such terms as they may consider appropriate.~~

- (2) Issuers must state whether they have complied with the code provisions set out in ~~the Corporate Governance Code~~ Part 2 of Appendix 14 for the relevant accounting period in their interim reports (and summary interim reports, if any) and annual reports (and summary financial reports, if any).

~~Note: For the requirements governing preliminary results announcements, see paragraphs 45 and 46 of Appendix 16.~~

- (3) ~~Where the issuer deviates from the code provisions, it must give considered reasons:~~ An issuer may deviate from the code provisions (i.e. adopt action(s) or step(s) other than those set out in the code provisions) provided that the issuer sets out:

(a) ~~for annual reports (and summary financial reports), in the Corporate Governance Report under Appendix 14~~ in the annual reports (and summary financial reports, if any) the Considered Reasons and Explanation. The explanation should provide a clear rationale for the alternative actions and steps taken by the issuer and their impacts and outcome; and

(b) ~~for~~ in the interim reports (and summary interim reports, if any), either:

(i) ~~by giving considered reasons for each deviation~~ the Considered Reasons and Explanation in respect of the deviation; or

(ii) ~~to the extent that it is reasonable and appropriate, by referring to the Corporate Governance Report in the immediately preceding annual report, and providing details of any changes together with considered reasons for any deviation not reported in that annual report~~ with Considered Reasons and Explanation. The references must be clear and unambiguous, and the interim report (or summary interim report) must not contain only a cross-reference without any discussion of the matter.

- (4) For the recommended best practices, issuers are encouraged, ~~but are not required,~~ to state whether they have complied with them and give considered reasons for any deviation.

## Chapter 19C

### EQUITY SECURITIES

#### SECONDARY LISTINGS OF QUALIFYING ISSUERS

...

##### Exceptions to the Rules for All Qualifying Issuers

- 19C.11 The following rules do not apply to a Qualifying Issuer that has, or is seeking, a secondary listing on the Exchange: 3.17; 3.21 to 3.23; 3.25 to 3.27A; 3.28; 3.29; 4.06; 4.07; Chapter 7; 8.09(4) (exception limited to issues outside the Exchange's markets); 8.18 (exception limited to issues outside the Exchange's markets); 9.11(10)(b); 10.05; 10.06(2)(a) to (c); 10.06(2)(e); 10.06(4); 10.06(5); 10.07(1); 10.07(2) to (4); 10.08; 13.11 to 13.22; 13.23(1); 13.23(2); 13.25A; 13.27; 13.28; 13.29; 13.31(1); 13.37; 13.38; 13.39(1) to (5A); 13.39(6) to (7) (exception limited to circumstances other than where a spin-off proposal requires approval by shareholders of the parent); 13.40 to 13.42; 13.44 to 13.45; 13.47; 13.48(2); 13.49; 13.51(1); 13.51(2) (each new director or member of the Qualifying Issuer's governing body must sign and lodge with the Exchange, as soon as practicable, a declaration and undertaking in the form set out in Form B of Appendix 5); 13.51B; 13.51C; 13.52(1)(b) to (d); 13.52(1)(e)(i) to (ii); 13.52(1)(e)(iv) (exception limited to issues outside the Exchange's markets); 13.52(2); 13.67; 13.68; 13.74; 13.80 to 13.87 (exception limited to circumstances other than where a spin-off proposal requires approval by shareholders of the parent); 13.88; 13.89; 13.91; Chapter 14; Chapter 14A; Chapter 15 (exception limited to issues outside the Exchange's markets); Chapter 16 (exception limited to issues outside the Exchange's markets); Chapter 17; 19.57; Practice Note 4 (exception limited to issues outside the Exchange's markets); Practice Note 15 paragraphs 1 to 3(b) and 3(d) to 5 (exception limited to circumstances where the spun-off assets or businesses are not to be listed on the Exchange's markets and the approval of shareholders of the parent is not required); Appendix 3 paragraphs 1, 2(1), 3, 4(1), 4(2), 4(4), 4(5), 5, 6, 7(1), 7(3), 8, 9, 10, 11, 13(1); Appendix 10; Appendix 14; ~~Appendix 15~~; Appendix 16; Appendix 21 (exception does not apply in circumstances where a spin-off proposal requires approval by shareholders of the parent); Appendix 22 (exception does not apply in circumstances where a spin-off proposal requires approval by shareholders of the parent) and Appendix 27.

## Appendix 16

### DISCLOSURE OF FINANCIAL INFORMATION

#### Information in annual reports

6. ...

6.3 ...

- (n) *provision of information in respect of ~~corporate governance~~ code provisions ~~B-1.5~~E.1.5 (remuneration payable to members of senior management by band) and ~~C-1.4A.1.2~~ (discussion and analysis of group's performance) in Part 2 of Appendix 14 or ~~explain reason for~~ provide the Considered Reasons and Explanation in respect of any deviation.*

...

34. An issuer must include, in respect of the group, a separate Corporate Governance Report prepared by the board on its corporate governance practices. The report must, as a

minimum, contain the information required under paragraphs G to Q ~~Part 1~~ of Appendix 14 regarding the accounting period covered by the annual report. To the extent that it is reasonable and appropriate, the issuer may incorporate by reference information in its annual report into the Corporate Governance Report. ~~Any such~~ The references must be clear and unambiguous, and the Corporate Governance Report must not contain only a cross-reference without any discussion of the matter.

...

#### **Information to accompany interim reports**

44. ...

- (1) a statement in relation to the accounting period covered by the interim report on whether the listed issuer meets the code provisions set out in ~~the Corporate Governance Code contained in~~ Part 2 of Appendix 14. ~~Where there are any deviations from the code provisions in the Code, the listed issuer must give considered reasons for the deviations from the code provisions, either by:~~ An issuer may deviate from the code provisions (i.e. adopt action(s) or step(s) other than those set out in the code provisions) provided that the issuer sets out:
  - (a) ~~giving considered reasons for each deviation~~ the Considered Reasons and Explanation in respect of the deviation; or
  - (b) to the extent that it is reasonable and appropriate, by referring to the Corporate Governance Report in the immediately preceding annual report, and providing details of any changes ~~together with considered reasons~~ for any deviation not reported in that annual report with Considered Reasons and Explanation. ~~Any such~~ The references must be clear and unambiguous, and the interim report must not only contain a cross-reference without any discussion of the matter;

...

#### **Information to accompany preliminary announcements of Results for the financial year**

45. ...

- (5) a statement as to whether the listed issuer meets the code provisions set out in ~~the Corporate Governance Code contained in~~ Part 2 of Appendix 14. The listed issuer must also disclose any deviations from the code provisions ~~and give considered reasons for such deviations~~ with Considered Reasons and Explanation. To the extent that it is reasonable and appropriate, such information may be given by reference to the immediately preceding interim report or to the Corporate Governance Report in the immediately preceding annual report, and summarising any changes since that report. ~~Any such~~ The references must be clear and unambiguous;

...

## Information to accompany preliminary announcements of Interim results

46. ...

- (4) a statement as to whether the listed issuer meets the code provisions set out in the ~~Corporate Governance Code contained in~~ Part 2 of Appendix 14. The listed issuer must also disclose any deviations from the code provisions ~~and give considered reasons for such deviations~~ with Considered Reasons and Explanation. To the extent ~~that it is~~ reasonable and appropriate, such information may be given by reference to the Corporate Governance Report in the ~~immediately~~ preceding annual report, and summarising any changes since that annual report. ~~Any such~~ The references must be clear and unambiguous;

...

## Summary financial reports

50. ...

- (2) a separate Corporate Governance Report prepared by the board on its corporate governance practices. The report must, as a minimum, contain the information required under ~~paragraphs G to Q~~ Part 1 of Appendix 14 regarding the accounting period covered by the annual report. To the extent ~~that it is~~ reasonable and appropriate, this Corporate Governance Report may ~~take the form of~~ be a summary of the Corporate Governance Report contained in the annual report, and may also incorporate information by reference to its annual report. ~~Any such~~ The references must be clear and unambiguous, and the summary must not contain only a cross-reference without any discussion of the matter. The summary must contain, as a minimum, a narrative statement indicating overall compliance with and highlighting any deviation from the ~~Corporate Governance Code~~ code provisions in Part 2 of Appendix 14.

...

## Recommended additional disclosure

52. ...

- 52.1 Issuers should also note the ~~recommended disclosures set out in paragraphs R to~~ Recommended best practices F.1.2 in Part 2 of Appendix 14.*

## Appendix 27

### Environmental, Social and Governance Reporting Guide

#### Part A: Introduction

##### The Guide

3. “Comply or explain” provisions are set out in Part C of this Guide. An issuer must report on the “comply or explain” provisions of this Guide. If the issuer does not report on one or more of these provisions, it must provide considered reasons in its ESG report. For guidance on the “comply or explain” approach, issuers may refer to the “*What is “comply or explain”?*” section of the Corporate Governance Code and ~~Corporate Governance Report (“Corporate Governance Code”)~~ in Appendix 14 of the Main Board Listing Rules.

---

# HOUSEKEEPING AMENDMENTS TO THE MAIN BOARD LISTING RULES

---

## Chapter 1

### GENERAL

#### INTERPRETATION

...

1.01 Throughout these Rules, the following terms, except where the context otherwise requires, have the following meanings:

...

**“Exchange’s website”** the official website of Hong Kong Exchanges and Clearing Limited and/or the website “HKE~~x~~Xnews” which is used for publishing issuers’ regulatory information

...

**“Listing Division”** the Listing ~~Department~~Division of the Exchange

...

**“notifiable transaction”** one of the transactions specified in rules 14.06, 14.06B or 14.06C

...

~~**“selectively marketed securities”** debt securities marketed to or placed with any number of registered dealers or financial institutions either with a view to their reselling such securities as principals off market, nearly all of which, because of their nature, will normally be purchased and traded by a limited number of investors who are particularly knowledgeable in investment matters or placing such securities with a limited number of such investors and “selective marketing” shall be construed accordingly~~

...

**“substantial shareholder”** in relation to a company means a person (including a holder of depositary receipts) who is entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the company -provided always that a depositary shall not be a substantial shareholder merely by reason of the fact that it is holding shares of the issuer for the benefit of the holders of depositary receipts

*Note: This definition is modified in the case of Chapter 14A by the provisions of rule 14A.29.*

...

## Chapter 2B

### GENERAL

#### REVIEW PROCEDURE

...

#### Definitions and Interpretation

2B.01A In this Chapter:

(1) ...

(2) **“Return Decision”** means the Listing Division’s decision to return a new applicant’s listing application and all related documents to its sponsor (except for the retention of a copy of these documents for the Exchange’s record) on the ground that the information in the listing application form, Application Proof, or any other related documents under rule 9.10A(1) is not substantially complete under rule 9.03(3). A Return Decision does not include a rejection decision under rule 2B.05(1).

(3) **“Review Request”** means a written request by the relevant party for a review of the decision of the Listing Division, Listing Committee or the Listing Review Committee (as the case may be) under rules 2B.05, 2B.06, 2B.06A and 2B.16(7) which must be served on the Secretary of the Listing Committee or the Secretary of the Listing Review Committee (hereinafter referred to as the “Secretary”), as the case may be.

...

## Chapter 3

### GENERAL

#### AUTHORISED REPRESENTATIVES, DIRECTORS, BOARD COMMITTEES AND COMPANY SECRETARY

...

##### Company Secretary

3.28 The issuer must appoint as its company secretary an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Exchange, capable of discharging the functions of company secretary.

*Notes:* 1 *The Exchange considers the following academic or professional qualifications to be acceptable:*

(a) *a Member of The Hong Kong ~~Institute of~~ Chartered Secretaries Governance Institute;*

...

## Chapter 8

### EQUITY SECURITIES

#### QUALIFICATIONS FOR LISTING

...

##### Deemed New Applicants

8.21C Without prejudice to the generality of other applicable provisions of the Exchange Listing Rules, a listed issuer that is treated as if it were a new applicant must meet all the basic conditions set out in this Chapter 8, unless otherwise waived by the Exchange. In the case of a reverse takeover, the acquisition targets (as defined in rule 14.04(2A)) and particular, where there are assets to be injected into or acquired by the listed issuer, the assets to be injected or acquired or the enlarged group must meet the requirements under rule 14.548.05, and the enlarged group must meet all the other basic conditions set out in this Chapter 8. In cases of doubt, issuers or advisers should consult the Exchange at an early stage.

...

## Chapter 10

### EQUITY SECURITIES

#### RESTRICTIONS ON PURCHASE AND SUBSCRIPTION

...

#### Restrictions and Notification Requirements on Issuers Purchasing their own Shares on a Stock Exchange

...

10.06 (1) (a) ...

(b) ...

(xi) a statement on the front page as follows:

“Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss ~~however~~howsoever arising from or in reliance upon the whole or any part of the contents of this document.”

...

## Chapter 13

### EQUITY SECURITIES

...

#### Suspension on Failure to Publish Timely Financial Information

13.50A

...

*Notes: (1) The Exchange will not normally suspend trading in an issuer's securities under this rule where the issuer publishes a preliminary results announcement for a financial year and the auditor has issued, or has indicated that it will issue, a disclaimer of opinion or an adverse opinion on the issuer's financial statements relating to the going concern issue only (and not any other issues). The preliminary results announcement must contain details of the audit modification, the facts and circumstances giving rise to the modification (including the different views of the issuer and its auditor), and the actions taken and/or to be taken by the issuer to address the modification.*

...

### Review of documents

13.52 Subject to rule 13.52A, where an issuer is obliged to publish any announcements, circulars or other documents for the purposes of the Exchange Listing Rules, the documents need not be submitted to the Exchange for review before they are issued unless the documents fall within rule 13.52(1) or (2).

- (1) ...
- (2) The following transitional provisions apply to announcements set out in this rule and shall cease to have effect on such date as the Exchange may determine and promulgate.

An issuer shall submit to the Exchange copies of drafts of the following announcements for review before they are issued:

- (a) announcement for any very substantial disposal, very substantial acquisition, extreme transaction or reverse takeover under rules 14.34 and 14.35;

...

### Closure of books and record date

- 13.66
- (1) ...
  - (2) An issuer must ensure that the last day for trading in the securities with entitlements falls at least one business day after the general meeting, if the entitlements require the approval of shareholders in the general meeting or are contingent on a transaction that is subject to the approval of shareholders in the general meeting. ~~This rule shall not apply where the issuer announces the timetable of an entitlement on or before 19 June 2011.~~

...

## Chapter 14

### EQUITY SECURITIES

#### NOTIFIABLE TRANSACTIONS

...

##### *Aggregation of transactions*

...

14.23B For the purposes of aggregating transactions under ~~rule 14.06(6)(b)~~ note 2 to rule 14.06B and/or rule 14.22, a listed issuer must consult the Exchange before it enters into any proposed transaction(s) if

- (1) ...
- (2) the proposed transaction(s) and any other transaction(s) entered into by the listed issuer involve acquisitions of assets from a person or group of persons or any of his/their associates within ~~24~~36 months of such person or group of persons gaining control (as defined in the Takeovers Code) of the listed issuer (other than at the level of its subsidiaries).

...

*Note: This rule serves to set out certain specific circumstances where the listed issuer must seek guidance from the Exchange before it enters into any proposed transaction(s). The Exchange may nevertheless aggregate transactions pursuant to rule 14.22 and/or note 2 to rule 14.06B ~~rule 14.06(6)(b)~~ where no prior consultation was made by the listed issuer under rule 14.23B.*

...

##### **Additional requirements for reverse takeovers**

...

14.55 A reverse takeover must be made conditional on approval by shareholders in general meeting. No written shareholders' approval will be accepted in lieu of holding a general meeting. The Exchange will require any shareholder and his close associates to abstain from voting at the relevant general meeting on the relevant resolution(s) if such shareholder has a material interest in the transaction. Furthermore, where there is a change in control of the listed issuer as referred to in rule ~~14.06(6)~~14.06B and any person or group of persons will cease to be a controlling shareholder (the "outgoing controlling shareholder") by virtue of a disposal of his shares to the person or group of persons gaining control (the "incoming controlling shareholder"), any of the incoming controlling shareholder's close associates or an independent third party, the outgoing controlling shareholder and his close associates may not vote in favour of any resolution approving an injection of assets by the incoming controlling shareholder or his close associates at the time of the change in control.

...

## Chapter 15

### EQUITY SECURITIES

#### OPTIONS, WARRANTS AND SIMILAR RIGHTS

...

15.02 All warrants must, prior to the issue or grant thereof, be approved by the Exchange and in addition, where they are warrants to subscribe equity securities, by the shareholders in general meeting (unless they are issued by the directors under the authority of a general mandate granted to them by shareholders in accordance with rule 13.36(2)). In the absence of exceptional circumstances which would include, by way of example, a rescue reorganisation, the Exchange will only grant approval to the issue or grant of warrants to subscribe securities if the following requirements are complied with:—

- (1) ...
- (2) such warrants must expire not less than one and not more than five years from the date of issue or grant and must not be convertible into further rights to subscribe for securities which expire less than one year or more than five years after the date of issue or grant of the original warrants.

...

## Chapter 15A

### STRUCTURED PRODUCTS

...

#### Continuing Obligations

...

15A.22 The Issuer shall be required to provide liquidity in each structured product issue and shall describe in the stand alone listing document or either of the base listing document or supplemental listing document how it proposes to provide that liquidity. The method adopted must be transparent and must be acceptable to the Exchange;

15A.23 Dealings by the issuer and any of its holding companies, subsidiaries and fellow subsidiaries and any associated companies of any of them:

...

must be reported to the Exchange at least one and half hours before trading commences on the Exchange on the day dealings in the structured product commence on the Exchange in a format suitable for publication on the

Exchange's ~~web site~~website and any other electronic news dissemination system operated by the Exchange from time to time;

- 15A.24 The previous day's dealings by the issuer and any of its holding companies, subsidiaries and fellow subsidiaries and any associated companies of any of them, as principal, in structured products that the issuer has listed on the Exchange must be reported to the Exchange at least one and a half hours before trading commences on the Exchange each day in a format suitable for publication on the Exchange's ~~web site~~website and any other electronic news dissemination system operated by the Exchange from time to time;

*Note: Transactions shall be included in the report in respect of the day they are entered into the Exchange's trading system.*

...

### **Application Procedures and Requirements**

...

- 15A.58 A formal announcement stating the information set out in rule 15A.59 must be published on the ~~web site of the Exchange's~~ website once the Exchange has confirmed it has no comments thereon as soon as possible after the structured products are launched and no later than the first business day following the day upon which the structured products are launched.

...

- 15A.63 The items referred to below must be lodged with the Exchange for review as soon as practicable after the structured product is launched to allow sufficient time for review and clearance by the Exchange before the proposed listing date:

- (1) ...
- (2) a completed checklist (obtainable from the Exchange) which specifies the information required by this Chapter and Part D of Appendix 1 regarding the issuer and the issue;

...

### **Expiry or Maturity of Structured Products**

- 15A.82 (1) Except as provided below an issuer shall, not less than 7 business days prior to the expiry or maturity date in relation to any of its structured products, publish on the ~~web site of the Exchange's~~ website a notice containing, inter alia, the following:-

- (a) ...

...

**Chapter 18**  
**EQUITY SECURITIES**  
**MINERAL COMPANIES**

...

**DEFINITIONS AND INTERPRETATION**

18.01 For the purposes of this Chapter unless otherwise stated or the context otherwise requires:—

(1) ...

(2) ...

(3) the following terms have the meanings set out below:—

...

**“Relevant Notifiable Transaction”**

a transaction that constitutes ~~falls into one of the classifications set out in rules 14.06(3) to (6) namely~~ a major transaction, very substantial disposal, very substantial acquisition, extreme transaction and reverse takeover.

...

## Chapter 19C

### EQUITY SECURITIES

#### SECONDARY LISTINGS OF QUALIFYING ISSUERS

...

##### Exceptions to the Rules for All Qualifying Issuers

- 19C.11 The following rules do not apply to a Qualifying Issuer that has, or is seeking, a secondary listing on the Exchange: 3.17; 3.21 to 3.23; 3.25 to 3.27A; 3.28; 3.29; 4.06; 4.07; Chapter 7; 8.09(4) (exception limited to issues outside the Exchange's markets); 8.18 (exception limited to issues outside the Exchange's markets); 9.11(10)(b); 10.05; 10.06(2)(a) to (c); 10.06(2)(e); 10.06(4); 10.06(5); 10.07(1); 10.07(2) to (4); 10.08; 13.11 to 13.22; 13.23(1); 13.23(2); 13.25A; 13.27; 13.28; 13.29; 13.31(1); 13.37; 13.38; 13.39(1) to (5A); 13.39(6) to (7) (exception limited to circumstances other than where a spin-off proposal requires approval by shareholders of the parent); 13.40 to 13.42; 13.44 to 13.45; 13.47; 13.48(2); 13.49; 13.51(1); 13.51(2) (each new director or member of the Qualifying Issuer's governing body must sign and lodge with the Exchange, as soon as practicable, a declaration and undertaking in the form set out in Form B of Appendix 5); 13.51B; 13.51C; 13.52(1)(b) to (d); 13.52(1)(e)(i) to (ii); 13.52(1)(e)(iv) (exception limited to issues outside the Exchange's markets); 13.52(2); 13.67; 13.68; 13.74; 13.80 to 13.87 (exception limited to circumstances other than where a spin-off proposal requires approval by shareholders of the parent); 13.88; 13.89; 13.91; Chapter 14; Chapter 14A; Chapter 15 (exception limited to issues outside the Exchange's markets); Chapter 16 (exception limited to issues outside the Exchange's markets); Chapter 17; 19.57; Practice Note 4 (exception limited to issues outside the Exchange's markets); Practice Note 15 paragraphs 1 to 3(b) and 3(d) to 5 (exception limited to circumstances where the spun-off assets or businesses are not to be listed on the Exchange's markets and the approval of shareholders of the parent is not required); Appendix 3 paragraphs 1, 2(1), 3, 4(1), 4(2), 4(4), 4(5), 5, 6, 7(1), 7(3), 8, 9, 10, 11, 13(1); Appendix 10; Appendix 14; ~~Appendix 15~~; Appendix 16; Appendix 21 (exception does not apply in circumstances where a spin-off proposal requires approval by shareholders of the parent); Appendix 22 (exception does not apply in circumstances where a spin-off proposal requires approval by shareholders of the parent) and Appendix 27.

...

## Chapter 37

### DEBT SECURITIES

#### DEBT ISSUES TO PROFESSIONAL INVESTORS ONLY

...

#### Continuing Obligations

...

- 37.47C An issuer must, as soon as reasonably practicable, apply for a trading halt or a trading suspension where there is:
- (a) information under rule 37.47 or rule 37.47A; or
  - (b) inside information which must be disclosed under the Inside Information Provisions; or
  - (c) inside information which is the subject matter of an application to the Commission for a waiver but its confidentiality has been lost,
- and the information cannot be announced promptly.

...

- 37.52 An issuer must provide the Exchange with a copy of any circular that is sent to bondholders or to any trustee. If the circular is published on a website and the issuer notifies the Exchange when it is published on that site, it does not have to send it a printed copy.

...

## Appendix 1

### Contents of Listing Documents

#### Part B

#### Equity Securities

**In the case where listing is sought for equity securities of an issuer some part of whose share capital is already listed**

...

#### Material contracts and documents on display

...

43. Details of a reasonable period of time (being not less than 14 days) during which the following documents where applicable are published on the Exchange's website and the issuer's own website:—

...

(6) [Repealed 4 October 2021]

~~(Note 2)~~

## NOTES

...

*Note 2 Under paragraphs 8, 24, 25, 26, 28, 29(1)(b), 30, 33, 38(2), 39, 40, and 42, ~~and~~ 43, reference to the group is to be construed as including any company which will become a subsidiary of the issuer by reason of an acquisition which has been agreed or proposed since the date to which the latest audited accounts of the issuer have been made up.*

...

## Appendix 1

### Contents of Listing Documents

#### Part F

#### Depository receipts

**In the case where listing is sought for depository receipts of an issuer where depository receipts representing some part of its share capital are already listed**

...

#### Material contracts and documents on display

...

66. Details of a reasonable period of time (being not less than 14 days) during which the following documents where applicable are published on the Exchange's website and the issuer's own website:—

...

(7) the deposit agreement executed between the depository and the issuer.

~~(Note 2)~~

## NOTES

...

*Note 2 Under paragraphs 8, 20, 21, 22, 24, 25(1)(b), 26, 29, 34(2), 35, 36, and 65, ~~and~~ 66 reference to the group is to be construed as including any company which will become a subsidiary of the issuer by reason of an acquisition which has been*

*agreed or proposed since the date to which the latest audited accounts of the issuer have been made up.*

...

## **Appendix 5**

### **Listing Application Form (For Collective Investment Schemes)**

#### **Form A2**

...

#### **CIS listing applicant and CIS Operator's Undertaking**

We declare that:—

...

- (3) all information required to be included in the CIS Disclosure Document/listing document, where applicable, pursuant to Section 104 of the Securities and Futures Ordinance and the applicable codes enacted under the Ordinance, and by the Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules ("Rules") and any other applicable legislation has been included therein or, if the final version has not yet been submitted (or reviewed), will be included therein before it is so submitted; and

...

#### **CIS listing applicant and CIS Operator's authorisation for filing with the SFC**

We are required to file copies of our application with the SFC under section 5(1) of the ~~Securities and Futures (Stock Market Listing) Rules~~ ("Rules"). Pursuant to section 5(2) of the Rules, we hereby authorise the Exchange to file all such materials with the SFC on our behalf as and when we file them with the Exchange.

...

#### **NOTES**

...

*Note 2: All applicants should note that:—*

...

- (5) *the submission of a listing application form shall be deemed to confer authority upon the Exchange to notify to:—*
- (a) any subsequent applicants whose proposed timetable coincides or overlaps with the applicant's, the estimated size of the applicant's

issue and the current date on which it is proposed that the application lists will close; and

(b) ...

...

## **Appendix 11**

### **Form D**

#### **MODEL FORM OF FORMAL NOTICE FOR DEBT ISSUES TO PROFESSIONAL INVESTORS ONLY**

...

[Sponsor]

[ ]

Lead Manager[s]

...

## **Appendix 13**

### **Part D**

#### **THE PEOPLE'S REPUBLIC OF CHINA**

...

### **Section 1**

#### **ADDITIONAL REQUIREMENTS FOR THE ARTICLES OF ASSOCIATION OF ISSUERS INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA**

In addition to the provisions of Appendix 3 (see also rules 19A.46 to 19A.49), the articles of association of issuers incorporated in the People's Republic of China whose primary listing is or is to be on the Exchange (see rules 19A.01 to 19A.03) must include:—

...

(e) in addition to article 148 of the Mandatory Provisions, provisions that set out the procedures for the change, removal and resignation of auditors and must include provisions to the following effect:—

(i) ...

...

- (iii) Where a notice is deposited under [article corresponding to 1(e)(ii)], the issuer shall within 14 days send a copy of the notice to the competent authority. If the notice contained a statement under [article corresponding to 1(e)(ii)(B)], a copy of the notice shall also be sent to every person entitled to obtain a copy of the issuer's financial statements.

...

## **Appendix 24**

### **Headline Categories**

...

#### **Schedule 5**

#### **Headline Categories for Debt and Structured Products**

##### **Callable Bull / Bear Contracts (CBBC)**

Additional information — Exotic CBBC  
Adjustment to Terms and Conditions — CBBC  
Adjustment to Terms and Conditions (Announcement Form) — CBBC  
Base Listing Document — CBBC  
Daily Trading Report — CBBC  
Expiry Announcement — CBBC  
Inside Information — CBBC  
Launch Announcement — CBBC  
Liquidity Provision Service — CBBC  
Market Disruption Event — CBBC  
Other — CBBC  
Pre-Listing Trading Report — CBBC  
Residual Value (Announcement Form) — CBBC  
Resumption — CBBC  
Supplemental Listing Document — CBBC  
Suspension — CBBC  
Trading Halt — CBBC  
Withdrawal of Listing — CBBC  
Withdrawal of Listing (Announcement Form) — CBBC

##### **Derivative Warrants (DW)**

Additional Information — Exotic DW  
Adjustment to Terms and Conditions — DW  
Adjustment to Terms and Conditions (Announcement Form) — DW  
Base Listing Document — DW  
Daily Trading Report — DW  
Expiry Announcement — DW  
Inside Information — DW  
Launch Announcement — DW  
Liquidity Provision Service — DW  
Market Disruption Event — DW  
Other — DW

Pre-Listing Trading Report — DW  
Resumption — DW  
Supplemental Listing Document — DW  
Suspension — DW  
Trading Halt — DW  
Withdrawal of Listing — DW  
Withdrawal of Listing (Announcement Form) — DW